

Message Text

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R 212011Z JUN 74

FM SECSTATE WASHDC

TO AMEMBASSY SEOUL

C O N F I D E N T I A L STATE 133589

PLS PASS TO DEPUTY ASST SECRETARY SNEIDER

FOLLOWING REPEAT JAKARTA 7528 ACTION SECSTATE
INFO CINCPAC DOD 19 JUNE.

QUOTE

C O N F I D E N T I A L JAKARTA 7528

E.O. 11652: GDS

TAGS: MASS, PBOR, ID

SUBJECT: MAP/FMS FOR INDONESIA

REFS: A. JAKARTA 6701; B. STATE 129042; C. STATE 116056

1. AMBASSADOR CALLED ON LTGEN HASNAN HABIB JUNE 19 AND INFORMED HIM THAT (A) CAMBODIAN NEEDS HAD REQUIRED REDUCTION IN GRANT MAP FOR FY 74 TO \$12.2 MILLION (PLUS SUPPLY OPERATIONS), (B) FMS CREDIT FIGURE FOR FY 74 INCREASED FROM \$2.5 MILLION (REF A) TO \$3.5 MILLION, AND (C) PRICE FOR FIRST C-130B 2,552,000 (PLUS NORMAL TWO PERCENT FMS ACCESSORIAL CHARGE, AND FERRYING FEES IF USAF CREW FLIES IT TO INDONESIA - REF B). AMBASSADOR EMPHASIZED SPECIAL EFFORT MADE WITHIN USG TO BE ABLE TO OFFER C-130B ON SUCH ATTRACTIVE TERMS. HE SUGGESTED THAT, TO EXPEDITE FORMALITIES, IT
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WOULD BE HELPFUL IF GOI COULD AUTHORIZE ITS WASHINGTON

EMBASSY ASAP TO NEGOTIATE AND SIGN FMS CREDIT AGREEMENT.
HE ALSO NOTED THAT REDUCTION IN GRANT MAP 28)\$ 4317843
HANKAM'S MAKING DECISIONS ON PRIORITIES ON A FAIRLY
URGENT BASIS.

2. HASNAN HABIB DID NOT APPEAR TOO SURPRISED OVER
REDUCTION IN GRANT MAP (HE IS PERHAPS BEST INFORMED
INDONESIAN MILITARY OFFICER ON US FOREIGN AID MATTERS).
HE WELCOMED INCREASED FMS CREDIT AND OFFER OF C-130B,
INDICATING HE FULLY AWARE OF MAJOR EFFORT MADE TO
PROVIDE PLANES TO INDONESIA. HE SAID HE HAD ALREADY
BEEN IN CONTACT WITH DEPARTMENT OF FINANCE TO OBTAIN
AUTHORITY FOR INDONESIA EMBASSY (PROBABLY DEFENSE
ATTACHE NIKLANI) TO NEGOTIATE FMS CREDIT AGREEMENT AND
WOULD REDOUBLE HIS EFFORTS TO EXPEDITE PROCESS SO THAT
AGREEMENT CAN BE SIGNED NEXT WEEK. HE ASKED IF FMS
AGREEMENT HAD TO INCLUDE NOTATION OF SPECIFIC ITEMS BEING
PURCHASED, AND WE REPLIED THAT IT SHOULD, ALTHOUGH THERE
SOME FLEXIBILITY ON MINOR ITEMS. HE FURTHER INQUIRED
INTO POSSIBILITY OF GRACE PERIOD BEFORE REPAYMENT
STARTS.

3. COMMENT: GREATLY APPRECIATE WASHINGTON EFFORTS WHICH
MADE IT POSSIBLE TO COUPLE NEWS OF INCREASED FMS CREDIT
AND ATTRACTIVE OFFER OF C-130B WITH THAT CONCERNING
REDUCED GRANT MAP FOR FY 74. WE WILL BE WORKING
CLOSELY WITH HANKAM TO INSURE ACCOMPLISHMENT NECESSARY
FMS FORMALITIES PRIOR JUNE 30.
NEWSOM UNQUOTE KISSINGER

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